

Authority delegation & decentralization

CH-8

Right to give orders and power to
exact obedience

Sources of formal authority

- **Classical view**- the authority originates at the top in the formal structure of an organization and then flows downward to subordinates
- **Human relations view**- the authority of a superior depends on the willingness of his subordinates to accept it. Subordinate accept his superior's authority because he considers it to be legitimate. The bases of legitimacy are
(a) tradition (b) rationality (c) charisma

Conditions for order acceptance

- Four conditions must exist to make an order acceptable to a person
 - 1) He must understand the order
 - 2) He must believe that it is not inconsistent with the purpose of the organization.
 - 3) He must believe that it is not incompatible with his personal interests.
 - 4) He must be mentally and physically able to comply with it.

Power

- Power- ability to influence or cause a person to perform an act.
- types of power-
 - 1) Reward
 - 2) Coercion
 - 3) Reference
 - 4) Expertise
 - 5) legitimacy

Power and authority

- Authority
 - a) Institutionalized right
 - b) Rests in chair/ position
 - c) Can be delegated
 - d) Mostly well defined
 - e) It is what exists in the eyes of law
 - f) It serves as basis of formal organization
- Power
 - Ability
 - Rests in individual
 - Cannot be delegated
 - Undefined
,inconspicuous, infinite
 - It is what exists in fact
 - Serves as basis of informal organization

How to build influence of an executive by management

- It is a combined result of exec. personal behavior and behavior of other sr. exec. In the organization. Management can build exec. Influence in the following ways.
 - 1) By giving an impressive title, salary, office, privileges. Employees recognize them as status symbols
 - 2) By channeling all important information through him
 - 3) By backing up his decisions
 - 4) By regularly paying attention to his advice

Authority vs. responsibility

- i. **Authority**-right of superior to issue commands
 - **Responsibility**
 - The obligation of a subordinate to obey commands(responsibility **for** and **to**)
 - i. **Responsibility for** is the obligation of a person to perform certain duties written in his job description or accepted by him
 - ii. **responsibility to** is accountability to his superiors associated with check-up, supervision, control and punishment.
 - iii. Responsibility cannot be transferred or delegated
 - iv. Responsibility divided in **two parts** at time of delegation
- Operating , ultimate**(subordinate assume operating where as superior retains ultimate)
- Responsibility may be **specific or continuing**(consultant 's responsibility specific and foreman's continuing nature
- Responsibility and authority should be exactly equal-except emergency**

Functions of authority

- I. Enforces obedience
- II. Secures expertise- locate specialist in strategic position in the organization
- III. Permits centralization of decision making and coordination of activity

Line, staff, & functional authority

- **Line**- direct command over subordinate, represented by standard chain of command, starts with BOD and extend down to lowest level
- **Staff**- merely advisory, **four levels**
- a) voluntary b) compulsory c) concurring
- d) functional-(where specialist can give direct orders)

And where functional authority is given to a line officer it is **functional line authority**

Delegation of authority

- Downward pushing of authority to make decisions

ADVANTAGES

- I. Relieves manager from heavy work load
- II. Leads to better decisions
- III. Speed-up decision-making
- IV. Train subordinate
- V. Help in creating a formal org. structure

Barriers to effective delegation

- Loss of power
- I can do it better
- Lack of confidence in subordinate
- Fear of being exposed
- Difficulty in briefing
- Inability to establish and exercise proper controls

Guidelines for effective delegation

- Make the nature and scope of task clear
- Assign authority proportionate to the task
- Make subordinate understand the limits of his authority
- Give subordinate some positive incentives for accepting responsibility
- Train subordinate properly
- Create a climate of mutual trust and good-will
- Do not make subordinate accountable to more than one superior

decentralization

- Everything that goes to increase importance of subordinate's role is decentralization and everything that goes to reduce it is centralization
- Criteria's for extent of decentralization
 - i. No of decisions to be made at lower level.
 - ii. More important decisions made at lower level
 - iii. No. of areas' decisions made at lower level.
 - iv. Fewer people consulted and less checking required on decisions at lower level

Delegation vs. Decentralization

- PROCESS-grating authority and creating responsibility between one individual and other.
 - Superior continues to be responsible for work delegated to his subordinate.
 - Vital and essential in management process.
- End result of delegation –is a situation
 - Superior is relieved from his responsibility for work decentralized and subordinate becomes liable .
 - Optional

Advantages of decentralization

1. Reduces problem of communication and red tap.
2. Permit quicker and better decision-making.
3. Employees are enabled to exercise more autonomy.
4. Leads to competitive climate within organization
5. Ensure the development of employees
6. Facilitate diversification of products, activities, and markets

Factors to consider for decentralization

1. Size of organization
2. History and age of organization
3. Philosophy of top management
4. Abilities of lower-level managers
5. Strategy and environment of organization
6. Nature of management function
7. Available controls

Empowerment

- Authority of an employee to make decisions in his/her area of responsibility without first having to get approval from some one else.
- Two characteristics differentiate it from delegation
 - a) Power that people have in their wealth of useful knowledge and internal motivation.
 - b) Empowered employees are not only given the authority to make decisions but also financial resources to implement their decisions